

The Director
Central Intelligence Agency



Washington, D.C. 20505

2 July 1980

Dear Ivan,

Thanks for your recent letter and the enclosed Sixth Annual Report of the MEAP. I have gone through it carefully and am most appreciative of the useful insights it provides. Let me share a few specific thoughts that the report and your letter generated.

You suggest that you might want to add a new sub-panel on economic and political analysis in the Middle East. I think that would be very helpful; at the same time, I would suggest that there may be other third world areas where economic, let alone political, events may be of equal importance to us. I think it would be very useful if a sub-panel would attempt to identify and keep current a list of third world countries or areas where the economic interests of the United States are likely to grow. We all know the current situation and problems. I am interested in taking advantage of the objectivity and wide-ranging outlook of the Panel's membership in helping us to insure that we are looking ahead to potential problem areas. We need to identify them early enough to prepare a research foundation. In short, I fully support a sub-panel on the economic and political affairs in the Middle East. If it can be handled, it might broaden its charter enough to look even further afield.

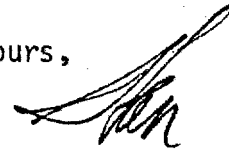
I was most interested in the comments in your report on pricing in the Soviet Union and the impact that price changes may have on how we view their allocation of resources. I will encourage the coordinated CIA/DIA analysis of changes in the Soviet military and civilian price levels that you suggest. I have been concerned for some time about the projections we have given that four to five percent annual growth and defense spending can be expected despite the economic problems the Soviet Union faces. One of my concerns is that I sense that there are dissenting views within NFAC but that they frequently don't come forward clearly. I hope that we can do some work that will bring out the factors that are going to push the Kremlin leadership in the direction of maintaining their defense spending and in the direction of maintaining their consumer consumption. I doubt that we'll be able to predict which course they will take but analyzing what will drive them to their decision can be very helpful to us.

Your thoughts on cross-cutting analyses are very appropriate. I have not had time to review the interoffice project on Soviet strategic power in the 1980s adequately enough. I'll get more familiar with it so as to encourage moving it ahead, as you suggest, for at least a draft by the end of the year.

With respect to outside help, I strongly support more interchange with academia, more open publication by our people, more scholars in residence within the Agency and temporary assignments of Agency people to academic institutions, and the use of consultant groups on a regular basis. I would like to identify both the areas of the world and the topics on which we could well have two to three man consulting groups which would come in periodically to talk with our analysts, and then try to find the right people to be in those groups ensuring that we have a diversity of outlooks represented. Your help in this area could be most useful. I have some reservations about trying to expand contracting too much, but will give that more thought.

Again, thanks for the continued fine support I receive from all of you. Look forward to meeting with you in November.

Yours,



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